

Message Text

UNCLASSIFIED

PAGE 01 ROME 21085 271105Z

ACTION XMB-04

INFO OCT-01 EUR-12 ISO-00 EB-08 TRSE-00 /025 W

-----015149 271113Z /12

P R 270950Z DEC 77

FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 9485

INFO USDOC WASHDC PRIORITY

AMCONSUL MILAN

UNCLAS ROME 21085

E.O. 11652: N/A

TAGS: BEXP, BPRO, IT

SUBJ: FCIA CREDIT INSURANCE TO COVER U.S. DOLS. 113,000

SALE OF ONE NEW PRINTING PRESS

REF: A. SECSTATE 290759; B. ROME 20746

1. EMBOFF VISITED G.E.C.- GRAFICA EDITORIALE CARTOGRAFICA IN CONNECTION WITH EXIMBANK'S REQUEST FOR CREDIT INSURANCE. PLANT, LOCATED IN HEAVILY INDUSTRIALIZED AREA OF ROME, IS EQUIPPED WITH VERY LATES MACHINERY, INCUDING MGD EQUIPMENT. FIRM PRINTS CENTER-SOUTHERN ITALY EDITION OF LEADING ITALIAN DAILY LA STAMPA, WHOSE COPY IS SENT BY TELEPRINTER FROM TURIN HEADQUARTERS; ONE OF ITALY'S TOP FINANACIAL NEWSPAPERS IL SOLE-24 ORE. WELL-KNOWN SERIES OF COMMERCIAL DIRECTORIES GUIDA MONACI, AS WELL AS SEVERAL OTHER SPORTS MONTHLIES AND PUBLICATIONS, INCLUDING EXTREME-RIGHT WING WEEKLY IL GORGHESE. FIRM EMPLOYES 185 ON THREE CONTINUOUS SHIFTS. MANAGING DIRECTOR AND MAJORITY STOCKHOLDER LUCIO PINTO SAID FIRM IS CAPITALIZED AT 300 MILLION LIRE (\$1 - APPROX. 877 LIRE), AND 1976 VOLUME OF BUSINESS WAS 2.5 BILLION LIRE. UNLIKE FIRMS IN SIMILAR FIELD, OFFICIAL SAID THEY HAD PLENTY OF WORK AND EVEN CLAIMED THAT HE HAD HAD TO TURN DOWN WORK. OPERATIONS SEEMED IMPRESSIVE. EQUIPMENT ALONE, REPORTEDLY FULLY PAID, SAID TO BE WORTH 2.7 BILLION LIRE.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ROME 21085 271105Z

2. EMBASSY CONTACTED BANKING SOURCES FOR FURTHER INFORMATION. REACTIONS WERE MIXED: THE MOST FAVORABLE STATED QUOTE EXCELLENT FIRM, TECHNOLOGICALLY ADVANCED, LEADER IN ITS FIELD. HAS SEVERAL PRINTING LINES WHICH ENABLE IT TO CARRY OUT LARGE AMOUNT OF WORK. FINANCIAL STATUS GOOD ALTHOUGH FIRM HAS BEEN AFFECTED BY MASSIVE PLANT MODERNIZATION. SAFE FOR CREDIT TRANSACTIONS UNQUOTE. SEVERAL OTHER BANKING CONTACTS,

HOWEVER, REPORTED THAT MAINLY DURING 1973-75 PERIOD G.E.C. HAD BEEN SUBJECT OF AT LEAST FOUR DECRETI INGIUNTIVI, I.E. LEGAL INJUNCTIONS TAKEN OUT BY LOCAL COURSTS FOR FAILING TO HONOR DEBTS, ALLEGEDLY FOR AMOUNT RANGING FROM 1.8. MILLION TO 9 MILLION LIRE. IN ADDITION TO THESE ONE CONTACT STATED G.E.C. HAD ENTERED INTO LITIGATION WITH HONEYWELL MILAN, THE U.S. COMPANY'S ITALIAN SUBSIDIARY. ACCORDING TO HONEYWELL'S LEGAL REPRESENTATIVE IN MILAN, THIS DISPUTE, FOR AN AMOUNTED REPORTED TO BE 160 MILLION LIRE, HAD FINALLY BEEN SETTLED OUT OF COURT ON SEPTEMBER 9, 1976, FOR 80 MILLION LIRE. HONEYWELL SAID TERMS WERE FOR PAYMENT TO BE MADE AT RATE OF 5 MILLION EVERY THREE MONTHS, AND SO FAR THESE HAVE BEEN MADE.

3. EMBOFF QUESTIONED PINTO IN THIS REGARD. HE SAID HIS COMPANY HAD GONE THROUGH DIFFICULT TIME IN 1974 AFTER A FLOOD HAD SERIOUSLY DAMAGED PLANT. HE GAVE NO EXPLANATION FOR JUNCTIONS PRIOR TO THIS TIME, ONE APPARENTLY ISSUED BY ITALIAN SOCIAL SECURITY DEPARTMENT FOR FAILURE TO PAY CONTRIBUTIONS ON HIS EMPLOYEES. AS FAR AS THE HONEYWELL AFFAIR WAS CONCERNED, PINTO SAID THEY HAD REFUSED TO PAY BECAUSE MACHINERY WAS FAULTY. HE DID NOT EXPLAIN WHY G.E.C. KEPT IT AT ALL, AND INDEED USED IT FOR A NUMBER OF YEARS, BEFORE DECIDING IT WAS UNSATISFACTORY. PINTO ADDED, HOWEVER, THAT AMOUNT DUE HAD BEEN 120 MILLION, SETTLED FOR 91 MILLION, AND THAT BETTER THAN 50 PERCENT OF THIS HAD ALREADY BEEN PAID. PINTO APPARENTLY SEES NO UNETHICAL GROUNDS FOR LETTING COMPARATIVELY SO MANY UNCLASSIFIED

UNCLASSIFIED

PAGE 03 ROME 21085 271105Z

OF HIS TRANSACTIONS DETERIORATE TO SUCH AN EXTENT, CLAIMING THAT MANY ITALIAN FIRMS IN THESE TIMES OF ECONOMIC RECESSION, RESORT TO SUCH PRACTICES, MAINLY TO OVBIATE PAYING CASH. AS FAR ASMGD'S SALE IS CONCERNED WHICH, ACCORDING TO PINTO, IS FOR A PHOT TYPESETTING MACHINE AND NOT A PRINTING PRESS, HE CLAIMS THAT THE MACHINE, FOR WHICH HE HAS PAID 15 PERCENT DEPOSIT, THE REMAINDER PAYABLE IN FOUR YEARS PLUS 15 PERCENT INTEREST, HAS ALREADY BEEN SHIPPED.

4. FIRM OBVIOUSLY HAD PAYMENT DIFFICULTIES IN PAST (73-75). HOWEVER, IT IS COMMON PRACTICE IN ITALY FOR FIRMS TO DEALY PAYMENTS TO EXTREMES IN ORDER TO AVOID EVEN HEAVIER BORROWING FROM LOCAL BANKS AT VERY HIGH INTEREST RATES, THEREBY MAINTAINING THEIR DEBT SERVICE COSTS AT MANAGEABLE LEVEL. FACT THAT COMPANY IS SOLVENT, ULTRA-MODERN OPERATION, WITH BANKS GIVING SAFE CURRENT CREDIT RATING, AND HAS GRADE A ACCOUNTS IN ITALY, SUGGESTS THAT IT SHOULD BE CONSIDERED FOR FCIA CREDIT INSURANCE.

5. EMBASSY PERCEIVES NO POLITICAL OBJECTIONS TO THIS SALE.
GARDNER

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Sent Date: 27-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ROME21085
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770481-1044
Format: TEL
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19771216/aaaaamms.tel
Line Count: 114
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 845b0efd-c188-dd11-92da-001cc4696bcc
Office: ACTION XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 STATE 290759, 78 ROME 20746
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 08-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 127153
Secure: OPEN
Status: NATIVE
Subject: FCIA CREDIT INSURANCE TO COVER U.S. DOLS. 113,000 SALE OF ONE NEW PRINTING PRESS
TAGS: BEXP, BPRO, IT
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/845b0efd-c188-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009